

Energy and Technology Committee
Raised Bill 463: An act concerning financing of energy efficiency and renewable energy

Comments of Boralex, Inc.
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Introduction

Raised Bill 463 seeks to establish an energy savings infrastructure loan program that is funded through a reduction in the size of the state renewable portfolio standard ("RPS"). Boralex agrees with the goal of improving energy efficiency, small scale renewable, and combined heat and power ("CHP") applications. Furthermore, this bill contains good ideas for providing a pathway forward for small projects that find credit a stumbling block. The only concern that Boralex has with this bill is the funding mechanism. Cutting the existing RPS nearly in half by 2020 would slow renewable development and undercut the renewable goals of the state.

About Boralex

Employing over 300 people, Boralex operates 29 power stations with a total installed capacity of over 400 MW in the Northeastern United States, Canada, and France. In addition, Boralex has power projects under development that will add close to 300 MW. Boralex has in-depth experience in three power generation segments – wind, hydroelectric and biomass. Boralex is the largest biomass power generator in the United States and is one of the largest suppliers of class I RECs to Connecticut.

Connecticut Energy Efficiency is Strong

We should take a moment to recognize the great strides Connecticut has taken in promoting energy efficiency over the past few years. The American Council for an Energy Efficient Economy ranked Connecticut #3 in the nation on its Energy Efficiency Scorecard. The Consortium for Energy Efficiency has listed Connecticut #2 in the nation for total program expenditures per capita on energy efficiency and load management in 2008¹. This is not to suggest that anyone should simply rest on their laurels – improvements and progress should always be the goal. However, it is helpful to gain some perspective and remember that Connecticut Energy Efficiency Fund has had success to date and is already far ahead of its peers in the U.S. from the point of view of program implementation. The Connecticut Clean Energy Fund also receives strong support within the state (40% more per capita than a similar fund in Massachusetts for example²).

If even more funding is deemed necessary in the state we would argue that this funding should be a net increase in support by way of current mechanisms. Cutting the RPS to fund efficiency and renewables doesn't create any new net financial incentives.

Small Project Financing Should be Studied

¹ \$115 million or \$36 per person in 2008 – the 2010 budget is closer to \$135 million

² \$30 million in 2009 or \$8.40 per person

The intention of this bill is to securitize multiple small loans to achieve efficiencies and encourage projects that require capital to get off the ground. We think that this is a very promising concept and we would encourage a closer examination on how this loan program can be incorporated into the existing Clean Energy Fund and Energy Efficiency Fund. If this is a financially efficient way to encourage more projects, then it should proceed within the existing framework.

Reduction to RPS would be Damaging

Connecticut has been a national leader for renewable energy due to both early implementation of a binding RPS and aggressive but reachable % targets. In general, Connecticut is in the top 5 states with respect to % size of RPS targets by 2020. If bill 463 is implemented, however, Connecticut would fall near the bottom of the 29 states which have RPS targets. This cut in class I goals would result in renewable demand reduction equivalent to 1000 MW of new wind projects. Note that financing and construction of new renewable projects rests in part on the stability and trustworthiness of the REC market. The net impact to the Connecticut renewable climate would be greater uncertainty in the markets for both buyers and sellers as well as less overall renewable power for customers.

Conclusion

While we agree with the goals of this bill, Boralex finds that the method of financing it would bring negative consequences to the state. In particular the industry support for renewable energy would be eroded just as this bill aims to support it. Instead we suggest that the legislature and DPUC examine which methods are most efficient to develop energy efficiency, renewable energy, and CHP projects so that Connecticut can maintain its national leadership position in both renewable energy and energy efficiency.

Thank you for the opportunity to participate in the discussion of Senate Bill 463.

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